

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07  
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00  
DODE-00 ABF-01 /060 W  
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FM USMISSION NATO  
TO SECSTATE WASHDC 2735

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E.O. 11652: N/A  
TAGS: NATO, EFIN, AORG  
SUBJECT: CIVIL BUDGET COMMITTEE MEETING CONTRACT AUTHORITY

REF: STATE 067337

1. NATO CONTROLLER ADVISED THAT CONTRACT AUTHORITY HAS BEEN USED BY THE CIVIL BUDGET COMMITTEE FOR APPROXIMATELY SIX YEARS. NATO AUDITORS HAD FOUND THT TOO MUCH CASH WAS BEING CARRIED OVER FROM ONE YEAR TO THE NEXT.

2. USING CHAPTER IX OF DOCUMENT BC-D(76)21, BUDGET ESTIMATES FY 1977, AS AN EXAMPLE, HE EXPLAINED THT FORMERLY WHEN A CONTRACT WAS ISSUED FOR NIAG PREFEASIBILITY STUDIES THE FULL AMOUNT WAS REQUESTED FROM NATO CONTRIBUTING COUNTRIES AND KEPT AS CASH ON HAND, EVEN THOUGH THE WORK MIGHT NOT BE COMPLETED FOR ONE OR TWO YEARS.

3. WHEN THE AUDITORS CRITICIZED THE LARGE YEAR-END CASH BALANCE, THE CBC RECOMMENDED THAT AUTHORITY TO CONTRACT FOR WORK UP TO A MAXIMUM FIGURE WOULD BE GIVEN IN ONE YEAR. IF CONTRACT ACTUALLY SIGNED, THE FUNDS WOULD BE BUDGETED FOR AND REQUESTED IN THE FOLLOWING YEAR.

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4. THIS HAD BEEN DONE IN CHAPTER IX AND CHAPTER XX. CONTRACTS ISSUED IN 1976 WERE FUNDED UNDER THE 1977 BUDGET AND CONTRACTING AUTHORITY FOR BF 35 MILLION HAD BEEN ISSUED FOR 1977. THE TOTAL OF ANY CONTRACTING AUTHORITY USED IN 1977 FOR THESE CHAPTERS WILL BE INCLUDED IN THE 1978 BUDGET AND FUNDS REQUESTED DURING THE 1978 CALENDAR YEAR.

5. THE CONTROLLER SAID THAT THE PRINCIPLE ALWAYS EXISTS FOR THE MILITARY BUDGET COMMITTEE TO GRANT CONTRACT

AUTHORITY, BUT THAT IS RARELY USED.

6. THE USE OF CONTRACT AUTHORITY IS NEW TO THE CBC  
BUDGET OFFICER, WHO IS ACCUSTOMED TO OBLIGATING FUNDS  
UPON THE SIGNING OF A CONTRACT, AND NO MENTION WAS  
MADE CONCERNING CONTRACT AUTHORITY WHEN REPORTING CBC  
DISCUSSIONS OR REQUESTING ADVICE FOR THE CY 1977  
BUDGET. INFORMATION CONCERNING THE DEPARTMENT'S  
OBLIGATION PROCEDURE FOR CONTRACT AUTHORITY AND ITS  
WISHES FOR THE CY 1978 CYCLE WOULD BE APPRECIATED.  
STRAUSZ-HUPE

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<< END OF DOCUMENT >>

## Message Attributes

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**TAGS:** NATO, EFIN, AORG  
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**Review Markings:**  
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